

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited  
(Limited by Guarantee)

Financial Statements as of 31<sup>st</sup> December, 2014

Together with Directors' and Auditor's Reports



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The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited

(Incorporated in Hong Kong and limited by guarantee)

Report of the Directors

The directors present their annual report together with the audited financial statements of the Church for the year ended 31<sup>st</sup> December, 2014 ("the Period").

Registered Office

The address of the Church's registered office is 118 Gloucester Road, Wanchai, Hong Kong.

Principal Activities

The principal activities of the Church during the Period were the administration of the temporal affairs of the Church under the direction of the Area Presidency to accomplish the following principal objectives:-

1. to proclaim the gospel of Jesus Christ;
2. to carry out the construction and maintenance of places of worship;
3. to provide religious instruction and literature; and
4. to encourage learning and provide educational assistance.

Results of Operations

The Church's results for the Period and the state of affairs of the Church as at that date are set out in the financial statements on pages 5 to 21.

Restricted Funds

Movements in restricted funds during the Period are set out in the statement of changes in equity.

Property, Plant and Equipment

Movements in property, plant and equipment during the Period are set out in Note 18 to the financial statements.

Charitable Donation

During the Period, the Church made no charitable donation (2013: HKD44,571,368).

## Directors

The directors who held office during the Period were:-

	<u>Appointment date</u>	<u>Resignation date</u>
Gerrit W. Gong		
Randy Dennis Funk		
Wong Chi Hong	1 <sup>st</sup> August, 2014	
Larry Young, Wilson		1 <sup>st</sup> August, 2014

In accordance with the Company's Articles of Association, the current directors are required to retire after a term of 3 years. No current directors are due for retirement at the forthcoming Annual General Meeting and accordingly all current directors remain in office.

## Directors' Interests in Contracts

None of the directors had a beneficial interest in any significant contracts, either directly or indirectly to which the Church was a party at the end of the Period or at any time during the Period.

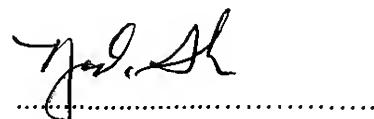
## Directors' Interests

At no time during the Period was the Church a party to any arrangements to enable any of the directors of the Church to obtain benefits by means of acquisition of shares in, or debentures of, the Church or any other corporation.

## Auditors

The financial statements for the Period have been audited by Aoba CPA Limited. Aoba CPA Limited has expressed its willingness to continue in office and the Board recommends that it be reappointed. A resolution proposing the reappointment of Aoba CPA Limited as auditor of the Church and giving authority to the directors to determine its remuneration will be submitted to the forthcoming annual general meeting.

Signed for and on behalf of  
the board of directors



Hong Kong,

15<sup>th</sup> August, 2015

# Aoba CPA Limited

## 青葉會計師有限公司



Independent Auditor's Report to the Members of:-  
The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited  
(Incorporated in Hong Kong and limited by guarantee)

### Report on the financial statements

We have audited the financial statements of the Church set out on pages 5 to 21, which comprise the balance sheet as at 31<sup>st</sup> December, 2014, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the Period then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report solely to you, as a body, in accordance with section 80 of Schedule 11 to the Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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## Basis for qualified opinion

### 1. Corresponding figures

Our audit opinion on the financial statements of the Church for the period ended 31<sup>st</sup> December, 2013, which form the basis for the corresponding figures present in the financial statements for the Period, was modified because of the limitation on scope of our audit in respect of the income from local voluntary donations. Our opinion on the financial statement for the Period is also modified because of the possible effects of this matter on the comparability of the figures for the Period and the corresponding figures.

### 2. Income from local voluntary donations

The Church, in common with many others of similar size and organisation, derives a significant proportion of its income from local voluntary donations which cannot be fully controlled until they are entered in the accounting records. While the Church's officers believe that the accounting systems and internal controls in use are appropriate in the circumstances, the controls are, however, not capable of independent audit verification for the Period.

Any adjustment found to be necessary would affect the net assets as at 31<sup>st</sup> December, 2014 and the results and cash flows for the Period then ended.

## Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements give a true and fair view of the state of the Church's affairs as at 31<sup>st</sup> December, 2014, and of its results and cash flows for the Period then ended in accordance with HKFRS and have been properly prepared in accordance with the Companies Ordinance.

Report on matters under section 80 of Schedule 11 to the Companies Ordinance (Cap. 622), which requires compliance with section 141(6) of the predecessor Companies Ordinance (Cap. 32)

In respect alone of the limitation on our work as referred to in the preceding paragraph, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.



Aoba CPA Limited  
Certified Public Accountants  
Gary Y.L. Chan  
Practising certificate number: P04145

Hong Kong,

15<sup>th</sup> August, 2015

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited

Statement of Comprehensive Income for the Period Ended 31<sup>st</sup> December, 2014

	<u>Notes</u>	<u>2014 HKD'000</u>	<u>2013 HKD'000</u>
Income	7	125,746	138,861
Expenses		(130,211)	(162,121)
Deficits before taxation	4	(4,465)	(23,260)
Taxation	5	0	0
Deficits for the Period		(4,465)	(23,260)
Other comprehensive income after taxation:-			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations	6, 10	(1,531)	8,973
Total comprehensive income for the Period		(5,996)	(14,287)

The accompanying notes are an integral part of these financial statements

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited

Balance Sheet as at 31<sup>st</sup> December, 2014

	<u>Notes</u>	2014 HKD'000	2013 HKD'000
<b>Non-current assets</b>			
Property, plant and equipment	18	306,014	309,449
Long-term inter-church receivables	9	230,229	229,666
Retirement benefit assets	10	0	1,130
		<u>536,243</u>	<u>540,245</u>
<b>Current assets</b>			
Sundry receivables		4,309	3,925
Cash and bank balances		2,551	4,471
		<u>6,860</u>	<u>8,396</u>
<b>Current liabilities</b>			
Creditors and accruals		(2,797)	(3,621)
Net current assets		<u>4,063</u>	<u>4,775</u>
Total assets less current liabilities		540,306	545,020
<b>Non-current liabilities</b>			
Retirement benefit obligations	10	(1,282)	0
Net assets		<u>539,024</u>	<u>545,020</u>
Accumulated funds		<u>539,024</u>	<u>545,020</u>

Director

Director

The accompanying notes are an integral part of these financial statements

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited

Statement of Changes in Accumulated Fund for the Period Ended 31<sup>st</sup> December, 2014

	<u>Accumulated funds HKD'000</u>
Balance at 31 <sup>st</sup> December, 2012	559,307
Total comprehensive income for the period	(14,287)
Balance at 31 <sup>st</sup> December, 2013	545,020
Total comprehensive income for the Period	(5,996)
Balance at 31 <sup>st</sup> December, 2014	<u>539,024</u>

The accompanying notes are an integral part of these financial statements

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited

Statement of Cash Flows for the Period Ended 31<sup>st</sup> December, 2014

	<u>2014</u> <u>HKD'000</u>	<u>2013</u> <u>HKD'000</u>
Cash flows from operating activities:-		
Deficits before taxation	(4,465)	(23,260)
Adjustments for:-		
Depreciation	22,767	21,821
Gain on disposal on property, plant and equipment	(67)	0
Employee benefit	(834)	(187)
Interest income	(1)	(90)
Exchange difference	(563)	(1,721)
	16,837	(3,437)
Operating cash flows before working capital changes		
Movements in:-		
Sundry receivables	(384)	(281)
Creditors and accruals	(824)	103
Retirement benefit obligations	1,715	1,046
	17,344	(2,569)
Net cash generated from/(used in) operating activities		
Cash flows from investing activities:-		
Interest received	1	90
Loan settlement received	0	44,571
Purchase of property, plant and equipment	(19,332)	(41,250)
Proceeds from disposal of property, plant and equipment	67	0
	(19,264)	3,411
Net cash (used in)/generated from from investing activities		
Net (decrease)/increase in cash and cash equivalents	(1,920)	842
Cash and cash equivalents at:-		
Beginning of Period	4,471	3,629
End of Period	2,551	4,471
Analysis of the balance of cash and cash equivalents:-		
Cash and bank balances	2,551	4,471

The accompanying notes are an integral part of these financial statements

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited

Notes to the Financial Statements

2014

(Amounts expressed in Hong Kong dollars)

1. General Information

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited ("the Church") is incorporated in Hong Kong with limited liability. The address of the registered office and the principal place of business of the Church is 118 Gloucester Road, Wanchai, Hong Kong.

The principal activities of the Church during the Period were the administration of the temporal affairs of the Church under the direction of the Area Presidency to accomplish the following principal objectives:-

1. to proclaim the gospel of Jesus Christ;
2. to carry out the construction and maintenance of places of worship;
3. to provide religious instruction and literature; and
4. to encourage learning and provide educational assistance.

2. Terms of Guarantee

Under the provisions of the Church's Memorandum of Association, every member shall, in the event of the Church being wound up, contribute such amount as may be required to meet the liabilities of the Church but not exceeding HKD20 per member.

3. Principal Accounting Policies

3.1 Statement of Compliance

The financial statements have been prepared in accordance with all applicable HKAS, HKFRS and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The financial statements comply with the applicable requirements of the Companies Ordinance which concern the preparation of financial statements, which for the Period and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

### **3.2 Basis of Preparation**

The financial statements are prepared under the historical cost convention.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the respective notes, if appropriate.

During the Period, the following amended standards were adopted.

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets

The adoption of the amended standards has no material effect on the financial statements.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Period and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application.

### **3.3 Recognition of Income**

Overseas contribution after deducting expatriate expenses is recognised when received. Donation income is recognised when received.

Income from sale of religious publications and garments is recognised when the risks and rewards of ownership of the goods are passed to customers.

Rental income is recognised on a straight line basis over the term of the relevant lease.

Interest income is recognised on a time proportion basis.

### 3.4 Foreign Currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Church operates (“the functional currency”). The financial statements are presented in Hong Kong dollars, which is the Church’s functional and presentation currency. Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the statement of comprehensive income.

### 3.5 Operating Leases

Leases where substantially all the rewards and risks of the ownership of assets remain with the leasing company are accounted for as operating leases. Payments in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the periods of the respective leases.

### 3.6 Publications and Garments

The cost of religious publications and garments is written-off to the statement of comprehensive income when incurred.

### 3.7 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Depreciation is calculated to write off the cost of each asset over its estimated useful life on a straight line basis. The principal annual rates are as follows:-

Land and buildings	5% or at a percentage equals to the reciprocal of the unexpired lease period of the leasehold land, whichever is larger
Furniture and fixtures	33.3%
Data processing equipment	33.3%
Motor vehicles	33.3%

This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations. Management will increase the depreciation charge where useful life is less than previously estimated life.

Gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset and is recognised in the statement of comprehensive income on the date of retirement or disposal.

### 3.8 Retirement Costs

Both defined contribution and defined benefit retirement schemes are operated for the employees. The assets of the schemes are generally held in separate trustee-administered funds.

Contributions paid to a defined contribution provident fund retirement scheme are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable.

Contributions paid to a defined benefit retirement scheme are charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of the qualified actuaries who carry out a full valuation of the scheme on an annual basis. The scheme obligation is measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on high quality corporate bonds with currency and terms similar to the estimated term of benefit obligations. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

### 3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 4. Supplemental Information

The results before taxation is arrived at after charging the following items:-

	<u>2014 HKD'000</u>	<u>2013 HKD'000</u>
Auditor's remuneration	126	135
Depreciation	22,767	21,821
Operating lease rental on premises	12,630	12,312
Retirement costs	3,052	2,806
Staff costs, excluding directors' remuneration and retirement costs	63,832	60,450

### 5. Taxation

The Church is exempted from the profits tax by reason of its charitable status under Section 88 of the Inland Revenue Ordinance.

6. Disclosure of Tax Effects Relating to Components of Other Comprehensive Income

No disclosures of tax effects have been made as there were no tax benefits or tax expenses relating to the components of other comprehensive income during the Period.

7. Income

	2014 HKD'000	2013 HKD'000
Overseas contributions	64,061	80,709
Local donations received	59,452	55,061
Exchange gain	544	1,717
Religious publications and garments sales	1,022	698
Rental income	592	574
Interest income	1	90
Sundry income	7	12
Gain on disposal of property, plant and equipment	67	0
	<hr/>	<hr/>
	125,746	138,861

8. Directors' Remuneration

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the Companies Ordinance (Cap. 622), which requires compliance with section 161 of the predecessor Companies Ordinance (Cap. 32), is as follows:-

	2014 HKD'000	2013 HKD'000
Fees	<hr/>	<hr/>
Retirement cost	<hr/>	<hr/>
Salaries and other emoluments	<hr/>	403

The remuneration of the expatriate directors for their services were borne by the Church's parent organisation and has not been included in the statement of comprehensive income. The disclosure herein is purely in compliance with section 78 of Schedule 11 to the Companies Ordinance (Cap. 622), which requires compliance with section 161(5) of the predecessor Companies Ordinance.

9. Long-term Inter-church Receivables

The amount represents balances with fellow churches which are engaged in activities similar to that of the Church's and are under the same control.

These loans represent an amount of approximately HKD230 million (2013: HKD230 million) which is unsecured, interest-free and have no fixed term of repayment.

10. Retirement Benefit Obligations/Assets

The Church participates in a defined benefit scheme which is registered under the Occupational Retirement Schemes Ordinance ("ORSO") and is an exempted scheme under the Mandatory Provident Fund Schemes (Exemption) Regulation. The Church has an obligation to ensure there are sufficient funds in the scheme to pay the benefits earned. The Church currently contributes 7.8% (2013: 7.8%) of the total salaries of participating employees as determined and approved.

The defined benefit scheme is funded by contributions from the Church in accordance with an independent actuary's recommendation based on annual actuarial valuation. The latest independent actuarial valuation of the scheme as at 31<sup>st</sup> December, 2014 was performed by Towers Watson Hong Kong Limited, using the projected unit credit method. The actuarial valuation indicates that the Church's obligations under the defined benefit retirement scheme are 102% (2013: 102%) covered by the plan assets placed with the government institution.

The amount recognised in the balance sheet is as follows:-

	2014 HKD'000	2013 HKD'000
Present value of defined benefit obligations	(47,885)	(52,439)
Fair value of scheme assets	46,603	53,569
Net (liability)/asset recognised in the balance sheet	<u>(1,282)</u>	<u>1,130</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:-

	2014	2013
Equities	61%	65%
Fixed income securities	35%	31%
Cash	4%	4%
	<u>100%</u>	<u>100%</u>

Movements in the present value of the defined benefit obligations:-

The following table indicates the approximate change in the defined benefit obligation as at 31<sup>st</sup> December, 2014 in response to reasonably possible changes in the significant actuarial assumptions to which the defined benefit obligation is most sensitive.

	2014 HKD'000	2013 HKD'000
At the beginning of the Period	52,439	54,801
Current service cost	2,129	2,339
Interest cost	806	212
Actual benefits paid	(7,116)	(553)
Actuarial loss/(gain) arising from:-		
Changes in financial assumptions	241	(3,499)
Experience	(614)	(861)
At the end of the Period	<u>47,885</u>	<u>52,439</u>

Movement in scheme assets:-

The following table indicates the approximate change in the defined benefit obligation as at 31<sup>st</sup> December, 2014 in response to reasonably possible changes in the significant actuarial assumptions to which the defined benefit obligation is most sensitive.

	2014 HKD'000	2013 HKD'000
At the beginning of the Period	53,569	47,817
Contributions paid to the scheme	1,220	1,505
Interest income on scheme assets	834	187
Actual benefits paid	(7,116)	(553)
Return on scheme assets	(1,904)	4,613
At the end of the Period	<u>46,603</u>	<u>53,569</u>

Amounts recognised in statement of comprehensive income is as follows:-

	2014 HKD'000	2013 HKD'000
Current service cost	2,129	2,339
Net interest on net defined benefit obligation	(28)	25
Components of defined benefit costs recognised in profit or loss	<u>2,101</u>	<u>2,364</u>
Actuarial loss/(gain) arising from:-		
Experience	(614)	(861)
Change in financial assumption	241	(3,499)
Return on scheme assets	1,904	(4,613)
Components of defined benefit costs recognised in other comprehensive income	<u>1,531</u>	<u>(8,973)</u>
Total	<u>3,632</u>	<u>(6,609)</u>

The principal actuarial assumptions used are as follows:-

	2014	2013
Discount rate	<u>1.5%</u>	<u>1.6%</u>
Future salary increases	<u>3.0%</u>	<u>3.0%</u>

The scheme has a benchmark asset mix of 61% (2013: 65%) in equities, 4% (2013: 4%) in cash and 35% (2013: 31%) in fixed income.

The following table indicates the approximate change in the defined benefit obligation as at 31<sup>st</sup> December, 2014 in response to reasonably possible changes in the significant actuarial assumptions to which the defined benefit obligation is most sensitive.

<u>Assumption</u>	<u>Adopted rate</u>	<u>Increase/(Decrease) to adopted rate</u>	<u>Decrease/(Increase) in deferred benefit obligation</u>	
			<u>HKD'000</u>	<u>%</u>
Discount rate	1.50%	0.25% (0.25%)	600 (614)	1.3% (1.3%)
Long-term salary increase rate	3.00%	0.25% (0.25%)	(525) 516	(1.1%) 1.1%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

The costs of benefits are jointly funded by the Church and the members. Members' contributions are based on a fixed percentage of basic salary as stipulated by the rules of the defined benefit scheme. The Church's contributions are determined with reference to the funding valuation carried out by the defined benefit scheme's actuary in accordance with the ORSO requirements. The last funding valuation of the defined benefit scheme was carried out as at 31<sup>st</sup> December, 2014.

The Church expects to contribute HKD893,000 (2013: HKD1,295,000) to defined benefit retirement plans in the coming year.

The weighted average duration of the defined benefit obligation is 5.1 years (2013: 5.5 years) and the expected undiscounted benefit payments from the scheme are as follows:-

	<u>Less than a year</u> <u>HKD'000</u>	<u>Between 1-2 years</u> <u>HKD'000</u>	<u>Between 2-5 years</u> <u>HKD'000</u>	<u>Between 5-10 years</u> <u>HKD'000</u>	<u>Over 10 years</u> <u>HKD'000</u>	<u>Total</u> <u>HKD'000</u>
Benefit payments	9,054	3,982	3,181	34,493	14,310	65,020

Through its defined benefit scheme, the Church is exposed to a number of risks, the most significant of which are detailed below:-

Investment risk	The present value of the defined benefit obligation is calculated using a discount rate determined by reference to high quality corporate bond yield; if the return on plan asset is below this rate, it will create a plan deficit. Currently the scheme assets are invested in a diversified portfolio of equities, fixed income securities and cash. The diversification of asset classes helps to reduce the concentration of risk associated with the defined benefit scheme investments.
Interest rate risk	The defined benefit obligation is calculated using a discount rate based on market bond yield. A decrease in the bond yields will increase the defined benefit obligation.
Salary risk	The defined benefit obligation is calculated with reference to the future salaries of members because the defined benefit scheme's benefits are salary-related. Salary increases that are higher than expected will increase the defined benefit obligation

## 11. Significant Leasing Commitments

At the balance sheet date, the significant total future operating leasing expenses for land and buildings, rounded to the nearest thousand, are payable as follows:-

	2014 <u>HKD'000</u>	2013 <u>HKD'000</u>
Within 1 year	5,864	9,063
After 1 year but within 5 years	1,721	2,503
	<hr/> <u>7,585</u>	<hr/> <u>11,566</u>

## 12. Funds Management

The Church funds management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and funds. The Church monitors funds on the basis of the net debt-to-adjusted funds ratio, which is calculated as net debt over adjusted funds. Net debt is calculated as total debt (which includes trade and other payables, borrowings and derivative financial instruments) plus unaccrued proposed dividends, less time deposits with a maturity period of three months or less, cash and bank balances. Adjusted funds comprise all components of funds.

The net debt-to-adjusted funds ratios are as follows:-

	2014 <u>HKD'000</u>	2013 <u>HKD'000</u>
Total debts	2,797	3,621
Cash and bank balances	(2,551)	(4,417)
Net debt	<hr/> <u>246</u>	<hr/> <u>(796)</u>
Adjusted funds	<hr/> <u>539,024</u>	<hr/> <u>545,020</u>
Net debt-to-adjusted funds ratio	<hr/> <u>0.001</u>	<hr/> <u>N/A</u>

As cash and bank balances exceeded total debts in 2013, the net debt-to-adjusted funds ratio was not applicable for 2013.

## 13. Liquidity Risks

Policies are established to regularly monitor current and expected liquidity requirements and its compliance with lending covenant, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from financial institutions to meet its liquidity requirements in the shorter and longer term.

Details of the remaining contractual maturities of the financial liabilities of the Church as at the balance sheet date were as follows:-

	2014 HKD'000	2013 HKD'000
Total amounts of contractual undiscounted obligations:-		
Creditors and accruals	<u>2,797</u>	<u>3,621</u>
Due for payment:-		
Within 1 year	<u>2,797</u>	<u>3,621</u>

#### 14. Currency Risks

Currency risks are risks that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

As a result of the international operations, there is exposure to foreign currency risks. The management ensures that the net exposure is kept to an acceptable level and will consider appropriate hedging measures where necessary.

Carrying amounts of financial assets and financial liabilities as at the balance sheet date that exposed to currency risks were as follows:-

	2014 HKD'000	2013 HKD'000
Financial assets denominated in foreign currencies:-		
Long-term inter-church receivables	<u>22,714</u>	<u>22,151</u>
The financial assets were denominated in the following foreign currencies:-		
Thailand baht	<u>22,714</u>	<u>22,151</u>

The Church's management forecasted that the foreign currency exchange rate for Thailand baht would not have significant fluctuation over the period until the next annual balance sheet date and the impact of the abovementioned currency risks on the Church's income and operating cash flow will not be significant.

#### 15. Interest Rate Risks

Interest rate risks are risks that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

As the Church has no significant interest-bearing asset or liabilities, the Church's surplus and operating cash flows are substantially independent of changes in market interest rates.

#### 16. Market Price Risks

Market price risks are risks that fair value or future cash flows of financial instruments traded in the market will fluctuate because of changes in market prices.

As the Church has no significant equity investments, the Church's results for the Period and accumulated funds are substantially independent of changes in market prices.

17. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 15<sup>th</sup> August, 2015.

18. Property, Plant and Equipment

2014	Medium-term leasehold land and buildings					Total <u>HKD'000</u>
	<u>in Hong Kong HKD'000</u>	<u>outside Hong Kong HKD'000</u>	<u>Furniture &amp; fixtures HKD'000</u>	<u>Data processing equipment HKD'000</u>	<u>Motor vehicles HKD'000</u>	
<u>Cost</u>						
Balance b/f	1,653,264	5,515	42,030	4,365	2,217	1,707,391
Additions	17,803	0	661	0	868	19,332
Disposals	0	0	0	0	(575)	(575)
Balance c/f	<u>1,671,067</u>	<u>5,515</u>	<u>42,691</u>	<u>4,365</u>	<u>2,510</u>	<u>1,726,148</u>
<u>Accumulated depreciation</u>						
Balance b/f	1,344,934	5,515	40,923	4,365	2,205	1,397,942
Charge for the Period	21,588	0	878	0	301	22,767
Written back on disposals	0	0	0	0	(575)	(575)
Balance c/f	<u>1,366,522</u>	<u>5,515</u>	<u>41,801</u>	<u>4,365</u>	<u>1,931</u>	<u>1,420,134</u>
Net book value	<u>304,545</u>	<u>0</u>	<u>890</u>	<u>0</u>	<u>579</u>	<u>306,014</u>

18. Property, Plant and Equipment (Continued)

<u>2013</u>	Medium-term leasehold land and buildings in Hong Kong <u>HKD'000</u>	outside Hong Kong <u>HKD'000</u>	Furniture & fixtures <u>HKD'000</u>	Data processing equipment <u>HKD'000</u>	Motor vehicles <u>HKD'000</u>	Total <u>HKD'000</u>
<u>Cost</u>						
Balance b/f	1,612,637	5,515	41,407	4,365	2,217	1,666,141
Additions	40,627	0	623	0	0	41,250
Balance c/f	<u>1,653,264</u>	<u>5,515</u>	<u>42,030</u>	<u>4,365</u>	<u>2,217</u>	<u>1,707,391</u>
<u>Accumulated depreciation</u>						
Balance b/f	1,324,236	5,515	39,906	4,365	2,099	1,376,121
Charge for the period	20,698	0	1,017	0	106	21,821
Balance c/f	<u>1,344,934</u>	<u>5,515</u>	<u>40,923</u>	<u>4,365</u>	<u>2,205</u>	<u>1,397,942</u>
Net book value	<u>308,330</u>	<u>0</u>	<u>1,107</u>	<u>0</u>	<u>12</u>	<u>309,449</u>

The Church of Jesus Christ of Latter-Day Saints Hong Kong Limited

Detailed Statement of Profit or Loss for the Period Ended 31<sup>st</sup> December, 2014

(For management information only)

(Amounts expressed in Hong Kong dollars)

	<u>2014</u>	<u>2013</u>
Contributions and other income:-		
Overseas contributions	64,061,185	80,708,511
Local donations received	59,451,998	55,061,393
Exchange gain	544,494	1,717,105
Religious publications and garment sales	1,022,395	697,811
Rental income	591,968	574,016
Interest income	1,205	89,621
Sundry income	6,890	12,222
Gain on disposal of property, plant and equipment	66,800	0
	125,746,935	138,860,679
Expenditure:-		
Audit fee	(126,000)	(135,000)
Bank charges	(45,608)	(35,135)
Church unit expenses	(1,361,089)	(1,028,409)
Contracted services	(3,903,543)	(1,428,011)
Data processing expenses	(212,425)	(136,433)
Depreciation	(22,766,730)	(21,821,944)
Donation	0	(44,571,368)
Electricity and water	(4,275,518)	(3,880,100)
Employee benefits	(16,929,624)	(15,373,608)
Equipment lease	0	(4,900)
General and administrative expenses	(701,667)	(655,026)
Lost & stolen	0	(12,110)
Materials and supplies	(7,713,434)	(5,997,803)
Miscellaneous expenses	(21,489)	(23,498)
Missionary expenses	(424,479)	(73,579)
Motor vehicle expenses	(225,882)	(274,145)
Office minor equipment expenses	(3,329,595)	(2,535,206)
Religious publications and garment purchases	(2,267,116)	(1,984,611)
Rent and rates	(12,629,841)	(12,312,169)
Repairs and maintenance	(4,727,310)	(4,124,377)
Salaries and wages	(37,324,155)	(35,569,535)
Software	0	(242)
Telephone, telex and postages	(1,513,958)	(1,579,810)
Travelling	(9,713,046)	(8,563,753)
	(130,212,509)	(162,120,772)
Deficits for the Period	(4,465,574)	(23,260,093)